

MEMORARDIM FOR: Deputy Director for Support

SUBJECT : Current Interest Items

1. Payment of Overseas Medical Claims by Insurance Carrier

We have explored further our proposal that overseas medical claims
be referred first to our insurance program for payment and second for payment under our statutory program. (At present, only those claims which
cannot be approved under the statutory program are referred to the Insurance
Branch for payment of any residual items which can be covered.)

This possibility has been informally reviewed with Mr. Huddock, Chief of CSC's Bureau of Retirement and Insurance, to determine whether such a change would be improper under the Federal Raplayees Health Benefits Program. Mr. Buddock, while expressing some philosophical reservations, indicated that it was a feasible step to take in light of the realities of the situation and that the Agency could effect this change in its insurance program without obtaining CSC approval.

Our explorations with the Mutual of Omaha representative have been less specific but, with this assurance from CSC, we intend further informal discussion with him. Based on an examination of our elains to present and past experience in dealing with Mutual, we believe agreement can be reached to drop the present exclusion clause in our master contract. He also believe that this transfer of costs to the insurance carrier will not require a premium increase.

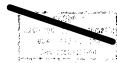
When we have firm indications that this change is practicable, we will submit a proposal for policy approval before any commitments are made. Our tentative proposal is to exclude from payment under the statutory programmy claim which is reimbursable under the high-option policy whether or not the individual carries this coverage. This would of course require that we hold a special open period to permit those employees overseas who many either no coverage or low-option coverage to obtain high-option coverage.

2. Barly Retirement Bill

Mr. Baddock (CBC) has advised us that he has received a call from Mr. Darden (Senate Armed Services Countites) concerning our cost estimates. Mr. Darden inquired whether our approach was valid and whether the factor of 13.03% of payroll costs as a total retirement cost rate was accurate. Mr. Ruddock advised Mr. Darden that the Countsaion's usual approach to cost estimates was to compute gross costs plus interest but that there was angule legislative presedent for our "increased pay-out cost" approach. Regarding the 13.03% factor, Mr. Ruddock said that it was correct when it was used but that CBC has more recently recomputed this factor and concluded that the costs are fully set by the 13% representing employee and Agency contributions without the 0.83% excess.

Mr. Darden inquired whether the comparable Foreign Service retirement cost factor used in our estimates was correct and was referred by Mr. Reciped to our source at the Treasury Department.





SUBJECT: Current Interest Plans

Mr. Ruddock stated that Mr. Darden assured him that he was not challenging our cost estimates but wanted to be sure that the Countities had the best possible advise on this point.

We have reported this call to the same and agreed to reconfirm the percent-of-payroll factor on a then-current basis with both CSC and Treasury when our Senate hearings are scheduled.

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Annual Reports for GE-12's and 13's are due in the Office of Personnel by 31 January. These grades include a number of supervisory jobs. However, in the considerable number of reports received to date, comment as to the individual's performance of his supervisory duties and cost consciousness is constituously absent. We are returning these reports at the Directorate level to request the inclusion of appropriate comments or of a statement to the effect that no supervisory duties are involved. Our reason for returning these at a high point in the chain of command is to ensure that appropriate instructions concerning the requirement for such evaluations are given to both rating and reviewing officials.

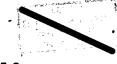
Applicability of fick for Evaluation to Disability Americae
Under present rules, a disability amountant under Civil Service
retirement can claim up to \$100 per week of his anguity as "sick pay" until
the time he reaches age 60 — construed to be retirement age for the Civil
Service system on the basis that it is the earliest rgs for optional retirement without a reduction in annuity. According to newspaper accounts,
a recent court decision concerning a disabled Dupont employee held that the
exclusion should apply to "normal" (i.e., average) retirement age rather
than the age of initial eligibility. If this interpretation is to be
applied by IRS to Civil Service disability amountants, it might mean that
they could claim the sick pay exclusion to age 62 plus.

We are attempting to get an authoritative answer to this question. At present, the Civil Service Commission has a standard instruction advising employees age 60 and over who qualify for either optional retirement or disability retirement to apply for optional retirement. Their arguments are that there are no differences in benefits and that the optional retirement can be processed more quickly. If, however, a new ruling is to give an advantage to the disability ammittant to age 6% or slightly over, we want to be sure to advise our retiress who have the choice of disability or of optional retirement to elect disability retirement.

We will report further information on this question as seen as it is obtained.

5. NOTA Incurance
The handquarters "open period" will close 17 January. Some 677
enrollments, about half the number of employees who indicated interest on
the initial survey, have been received. There has not been time yet to
receive more than a few enrollments from the field.





SIBJET: Current Interest Items

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25X1A9a 25X1A9a	to the Special Group during assignment there but was 25X1A9a assigned to work with another staff officer. (secretary was from the Department of Defense and recently transferred to CIA	
25X1A9a	for assignment to the MIPE Staff.) Pending personnel changes in the Special Group, has recently been assisting Mike Porrestal (State Department). We had anticipated her assignment to the personal when he assumed his duties there. However, Mr. Forrestal made a personal	
25X1A9a 25X1A9a	request to Mr. McCome to permit to remain with him and advised us on 10 January that Mr. McCome had accoded to this request. Although we had tentatively explored the possibility or arranging for a detailed from some other agency to work for	
25X1A9a	delicate and consitive nature of the imageropriate because of the 25X1A9a	
25X1A9a	Staff) who was temporarily detailed to assist the during his assignment to the Special Group will remain there with 25X1A9a 25X1A9a	
25X1A9a <u>25</u> X	the ID/P Development Complement. Their assignments to the Special Group are non-reinbursable. Their assignments to the Special has indicated that this IAarrangement is assorptable to him. 25X1A9a	
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SUBJECT: Current Interest Items

8. Sent helt Commiss
Our supplier has advised us that he will reduce the price on the Hickork helt from the \$4.75. He has also arranged to supply hong-Maruer retreetore, which usually retail at \$3.95 a set, at \$2.50.

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9. Md-Curver Course

General to speak at the course on £1 January giving controlly the same presentation as he gave at the first course. He will be allowed additional time for questions and discussion, however.

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present a discussion on the handling of special personnel problem cases.

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The Red Cross Bloodnobile unde its monthly visit to headquarters building on Tuesday, 7 January. There were 199 prespective denors who reported to the senter and 186 pints of blood were collected.

Distribution:

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Runott D. Hobels Director of Personnel

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OD/Pers (13 Jamuary 1964)
* We plan to sell the Hickork belt at the ennounced price of \$4.90 pather the
15# difference is to be refunded to the buyer or contributed to the Recreation Association will be determined at a later date.